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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 03/15/06

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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, March 14

NIHON KEIZAI (Page 2) (Full)
March 15, 2006

09:02

Attended a cabinet meeting in the Diet building. Agriculture Minister Nakagawa stayed behind. Followed by Defense Agency Director General Nukaga.

09:48

Arrived at Kantei.

10:15

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Met Deputy Chief Cabinet Secretary Suzuki. Followed by Lower House member Taizo Sugimura. Prime Minister: "Congratulations" (hearing he will get married in May). Study hard and do your best.

14:30

Met Foreign Ministry Middle Eastern and African Bureau Director General Yoshikawa. Later met Secretary General Takebe and Regional System Research Council Chairman Ibuki.

16:00

Met Public Security Investigation Agency Director General Oizumi.

17:33

Attended a meeting of the Central Traffic Safety Measures Council.

18:24

Returned to his official residence.

4) Foreign Minister Aso to visit US during early May Golden Week holidays

NIHON KEIZAI (Page 2) (Full)
March 15, 2006

Foreign Minister Taro Aso has decided to visit the US during the Golden Week holidays that start in late April. He plans to meet with Secretary of State Condoleezza Rice. He will also stop in San Francisco, where former Prime Minister Shigeru Yoshida, his grandfather, signed the Peace Treaty in Sept. 1951. The aim is to stress his stance of giving priority to the Japan-US alliance and play up his candidacy in the Liberal Democratic Party's (LDP) presidential election in September.

During the foreign ministerial meeting, Aso will discuss the situation in Iraq and the nuclear development programs of Iran and North Korea in the run-up to summit between President Bush and Prime Minister Junichiro Koizumi, who is scheduled to visit the US possibly in late June, and. During his stop in San Francisco, he plans to visit the Opera House, where the ceremony for the Peace Treaty took place, and the Golden Gate Club, where the Japan-US Security Treaty was actually signed.

5) Chinese premier makes clear China's stance of excluding Prime Minister Koizumi

ASAHI (Page 2) (Excerpts)
March 15, 2006

By Nobuyoshi Sakajiri, Beijing

Chinese Premier Wen Jiabao said yesterday the Japanese people were not to blame for the strains in Japan-China relations. He

even tacitly proposed promotion of private-sector exchanges in a bid to ease strained ties. He made it clear, however, that China would seek to repair its relations with Japan by excluding Prime Minister Junichiro Koizumi, who he said has made no efforts to bridge the gulf between the two countries due to his visits to Yasukuni Shrine.

Wen also said: "If this (Yasukuni) issue is not resolved, it will

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be difficult for bilateral relations to develop smoothly under a post-Koizumi government."

He made the remarks during a press conference broadcasted live across China. It is extremely rare for a Chinese leader to clearly state that the source of the current situation does not lie with the Japanese people.

At a news conference after China's annual session of Parliament at the Great Hall of the People, Wen said:

"The source of the current situation does not lie with China, nor with the Japanese people, but with the Japanese leader. Repeated visits to Yasukuni Shrine, which enshrines Class-A war criminals, by Japanese leaders have offended the people of China and other Asian countries."

In the background of Wen's statement, China's messages to improve its relations with Japan have not conveyed to the Japanese side, according to a Chinese government official.

6) Former Chief Cabinet Secretary Fukuda to visit ROK

TOKYO SHIMBUN (Page 2) (Full)
March 15, 2006

Former Chief Cabinet Secretary Yasuo Fukuda of the Liberal Democratic Party (LDP) will make a three-day visit to South Korea starting today. He, along with former Prime Minister Yasuhiro Nakasone and others, will attend a joint general meeting of the Japan-ROK and ROK-Japan Cooperation Committees composed of lawmakers and academics from Japan and South Korea. The general meeting will take place in Seoul. A conversation with President Roh Moo Hyun and others is being arranged to occur tomorrow.

Fukuda is deputy director of the committee. The general meeting will hold symposiums focusing on politics, the economy and culture. The theme of the conference is "Japan-ROK cooperation aimed at creating an East Asia community." Fukuda is scheduled to participate in a panel discussion on politics.

7) LDP mulls legislation for defense-purpose space exploration

ASAHI (Top play) (Full)
March 15, 2006

The ruling Liberal Democratic Party will seek to create a new law, aiming for the promotion of Japan's space activities in the defense area. Japan's space exploitation, based on the government's interpretation, has been limited to activities for nonmilitary purposes only. However, the newly planned legislation, initiated by an LDP special committee on space activities, is intended to ease the government's interpretation. It will pave the way to Japan's space exploration for unaggressive defense-oriented purposes involving reconnaissance satellites and missile defense (MD). In addition to research and development as the core of Japan's space activities, the LDP will also weigh space exploitation for national security, disaster prevention, and industrial development. The LDP leadership would like to introduce the legislation to the Diet at next year's ordinary session after coordination within the ruling coalition.

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In 1969, the Diet adopted a resolution on the peaceful uses of outer space. In conformity with this parliamentary principle, the government has restricted Japan's space exploitation to activities in nonmilitary areas only. Meanwhile, the Self-Defense Forces' use of satellites is also limited to commercial-off-the-shelf technologies.

The LDP-initiated legislation is aimed at easing the government's conventional interpretation of space activities. Its easing will lead Japan to a major turning point. For example, it will be possible for Japan to develop spy satellites outdoing civilian satellites in resolving power. In addition, Japan currently depends on the United States for its early detection of ballistic missile launches. However, the legislative step will also make it possible for Japan to do so with its own early warning satellites.

In addition, the LDP will further seek to exploit outer space for strategic purposes. To that end, its bill is intended to improve the efficiency of space-related policy measures that have been separately promoted by several government ministries and agencies, such as the Ministry of Education, Culture, Sports, Science and Technology and the Ministry of Economy, Trade and Industry. The bill is also aimed at creating a system to unify their disparate space-related programs. At the same time, it will require the government to establish a cabinet portfolio for space exploitation and to set up a council for space strategies under the cabinet.

In late February, the LDP set up a subcommittee on the peaceful uses of outer space under its special committee on space activities. The subcommittee, regarding the government's interpretation as internationally peculiar, has discussed the advisability of allowing space exploration for unaggressive defense-oriented purposes, with former Education, Science and Technology Minister Takeo Kawamura presiding.

The LDP had initially intended to call on the government to reinterpret the Diet resolution. However, the LDP will aim for a package of legislative measures in order to dissolve various issues related to space activities. The subcommittee will meet on March 28 to adopt the legislation, and then it would like to work out a draft bill by August for further discussions.

"We will work it out in the ruling coalition, and if possible, we'd like to present it to the Diet during next year's ordinary session," says an LDP executive. However, the LDP is scheduled to elect its new president in September and its executive lineup will also change. Even more, the LDP will have to go through coordination with its coalition partner, the New Komeito party. As it stands, there are hurdles to clear before the LDP presents the bill to the Diet.

In 1998, North Korea test-launched a ballistic missile. In the aftermath of that incident, Japan developed an intelligence-gathering satellite, which was at the same level as private-sector satellites with the resolution of up to one meter in conformity to the government's interpretation of nonmilitary activities. In 2004, the Japan Business Federation (Nippon Keidanren) proposed reviewing the Diet resolution as well as Japan's self-imposed three principles on arms exports.

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8) Cost of redeployment of US Marines from Okinawa to Guam likely to exceed 1 trillion yen, according to modified estimation; Japan's share to reach as much as 75%

TOKYO SHIMBUN (Page 2) (Excerpts)
March 15, 2006

During the recent working-level talks of foreign and defense officials from Japan and the United States held in Hawaii on March 7-11, the US team had estimated as the overall cost of the redeployment of US Marines from Okinawa to Guam approximately 10 billion dollars - a figure that exceeded the initial estimate.

This comes to about 1.1 trillion yen at the exchange rate used for the fiscal 2006 budget bill. The Tokyo Shimbun learned this yesterday. Given a possible expansion in the redeployment cost, both sides have decided not to specify such items as the overall cost and the cost-sharing percentages of Japan and the United States. Meanwhile, the two nations have agreed in principle on a scheme of Japan providing loans to the US in the way to shoulder a portion of the US share.

The US has insisted on the need to construct infrastructure in Guam, such as barracks, housing, recreation facilities, roads and water works. The US initially had estimated the overall relocation cost to be 8 billion dollars, or 888 billion yen, but after re-estimating the cost, it modified it upward.

The relocation cost is to be shared by Japan and the US. But in part because of fiscal difficulties, the US called on Japan to provide loans to the US to cover a portion of the US share, with one official reportedly saying: "If no financial assistance comes from Japan, US Marines based in Okinawa would have no choice but to remain there."

Both negotiating teams have reached a general agreement on a loan formula, but by the US re-estimation, the redeployment cost has ballooned. The Japanese team then asked the US to present a clear basis for the re-estimation, with one Japanese official saying: "Otherwise we cannot convince the people at home about the need for Japan's payment." The US officials replied to the Japanese side that it would be difficult to come up with it quickly.

9) Cost of relocation of US Marines from Okinawa to Guam: Plan floated for Japan to pay 40% of the cost

NIHON KEIZAI (Page 2) (Excerpts)
March 15, 2006

The Japanese government has floated an idea of Japan paying 40% of the relocation cost of US Marines from Okinawa to Guam, an issue that has drawn much attention in the realignment of US forces in Japan, sourced revealed yesterday. The remaining 60% would be covered by loans from the Japan Bank for International Cooperation (JBIC) and other means. The purpose is to constrain Japan's payment. However, the US has asked Japan to cover 75% of the overall cost. With both sides far apart, the two nations will narrow the gap in working-level talks of foreign and defense officials that are to reopen as early as next week.

The idea of Japan paying a 40% share of the cost was brought up by a Japanese official during the recent working-level talks held in Hawaii on March 7-11. The US initially had estimated the

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overall relocation cost at 8 billion dollars, but in the recent talks, the US pointed out the necessity of adding 2 billion dollars to the previous cost, insisting that 10 billion dollars, or about 1.75 trillion yen, would be required for the relocation. If the US request goes as is, Japan's payment will run to 7.5 billion dollars or approximately 881.2 billion yen.

Based on the previous US estimation of 8 billion dollars for the relocation cost from Okinawa to Guam, Japan had estimated the overall cost of the realignment of US forces in Japan to be 3 trillion yen or so if its payment of the relocation cost is held down to 40%. But the US has raised the requested amount of Japan's payment in every round of talks. If Japan accepted such a request, its payment would expand even further.

Of the Guam relocation cost, it is assumed that Japan will cover the costs of constructing a headquarters, barracks, and training facilities, as well as things like hospitals and schools. Japan plans to pay 40% of the total relocation cost from the defense budget in the general account over 10 years.

10) Part of Yokota RAPCON area to be returned in USFJ realignment; Tokyo, Washington agree in general principle

YOMIURI (Page 2) (Excerpts)
March 15, 2006

In realigning US forces in Japan, the governments of Japan and the US agreed in general principle that the US side return to Japan part of Yokota Air Base's radar approach control (RAPCON) area. The plan is to return the uppermost region of the space area. Tokyo and Washington are speeding up efforts for the coordination of the scale to be returned and a timeline for that. The two countries aim for the planned return by the end of 2009, when the fourth runway is expected to be constructed at Haneda Airport. The return of the airspace, if realized, will lead to easing flight routes above the Tokyo Metropolitan area overcrowded with civilian planes.

The agreement was reached during the working-level talks of defense and foreign affairs officials held Mar. 7-11 in Hawaii. Defense Agency Director General Nukaga yesterday met with Prime Minister Koizumi in the Diet building and reported the details of the talks to him. The prime minister responded: "I would like you to appropriately deal with bilateral realignment talks and do your utmost in order to obtain understanding from the affected local communities." He thus ordered Nukaga to compile a final report on the USFJ realignment before the end of March, while making efforts to obtain understanding from concerned local governments.

11) US Navy Command punished hit-and-run US sailor with pay cuts without opening military court

MAINICHI (Page 31) (Full)
March 15, 2006

US military authorities have punished a 23-year-old female sailor based at the US Navy's Atsugi base (which straddles Yamato and Ayase cities in Kanagawa Prefecture) with a pay cut and other penalties, sources revealed yesterday. The sailor was under arrest on suspicion of running down three schoolboys with her

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vehicle in Hachioji, Tokyo, last year and then fleeing the accident scene, a violation of the road traffic law. She was released later in the day, however, the reason being that she was "on duty" -- treatment that is in accordance with the Japan-US Status of Forces Agreement. The case took the form of legal procedures instead of a court-martial.

According to US Navy Headquarters in Yokosuka in Kanagawa Prefecture, the decision was made on March 2. The punishments included: (1) a 50-%, two-month base-pay cut worth 1,551 dollars, or 180,000 yen; (2) a 45-day suspension from duty (suspended); (3) and a demotion (also suspended). The sailor received such punishments for her "reckless driving." In a military trial presided over by a judge, a prosecutor and a defense lawyer are present. But in the case of "disciplinary action" that does not follow judicial procedures, the captain of the vessel concerned plays the main role.

While driving a wagon at around 1:00 p.m. Dec. 22, 2005, the sailor ran down three elementary schoolboys on a national highway in Hachioji, injuring them. Hachioji police officers subsequently found her parked along the road about 1 kilometer away from the scene and arrested her on suspicion of violating the road traffic law and other charges.

In Japan, a hit-and-run case that involves multiple victims could result in a jail sentence. But in the case of the US sailor, only her pay will be cut, and the demotion and other penalties were suspended. A source connected with the US military explained: "Making comparison is difficult as the form of court and the concept of faults are different between the two countries. The view that punishments against US servicemen are too lenient is biased. We believe the punishment this time is severe."

12) A victim's father angry

MAINICHI (Page 31) (Full)
March 15, 2006

Learning of the punishment against the female sailor, Shinya Onari, 41, of Hachioji, the father of one of the victims, said in an angry tone: "In Japan, if one commits a traffic accident, that person would lose his social status and everything else. The punishment of a pay cut is way too light."

13) US finds 3rd case of BSE, casting shadow over Japanese consumers' trust in US beef

MAINICHI (Page 9) (Excerpts)
March 15, 2006

The discovery of a third case of BSE in the US may increase Japanese consumers' concern about the safety of US beef, though the case will not directly affect Japan-US negotiations on whether Japan will resume US beef imports. Recently, banned bones were also found in a US beef shipment to Hong Kong.

Health, Labor, and Welfare Minister Jiro Kawasaki and Agriculture, Forestry, and Fisheries Minister Shoichi Nakagawa said in their respective press conferences yesterday that the new case of BSE would not affect Japan-US beef negotiations, given that the infected cow was over 10 years of age and that the case

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was confirmed because the US inspection system functioned.

Japan has provided as conditions for imported beef: (1) beef from cattle 20 months of age or younger and the removal of specified risk materials; and (2) imports only from plants authorized by the US government. Theoretically, even if the potential BSE risk of US beef is high, there will be no problem as long as the conditions are observed. Agriculture Department chief veterinarian John Clifford stated: "Of the about 650,000 cows tested in the US, only two were found infected. The possibility of contracting BSE is extremely low."

Japanese consumers, however, now cast a shadow over the safety of US beef. One consumer said: "The number of cattle subjected to inspection is far smaller in the US than in Japan, which has mandated blanket testing. A considerable number of infected cows might have been overlooked." The Food Safety Commission has also been calling on the US to expand its inspection system and tighten feed regulations.

14) Three meat-processing plants certified for exporting to Japan included among nine whose improper anti-BSE process pointed out by OIG

TOKYO SHIMBUN (Page 8) (Excerpts)
March 15, 2006

The Office of Inspector General (OIG) of the US Department of Agriculture stated in its report that the process of removing specified risk materials had not been properly carried out at nine meat-processing plants in the US. On this issue, the Agriculture, Forestry and Fisheries Ministry revealed yesterday that three plants certified by the US government to export beef to Japan were among the nine, according to an additional explanation from the US. The ministry added, though, that since OIG inspection had been conducted before they were authorized for exporting beef to Japan and improvement measures had been taken, there is no problem at present.

The Japanese government sent a list of questions to the US government in response to a report from the OIG this February. Washington has replied to the questions as of March 13.

15) Minshuto to send questionnaires to offices of 37 plants authorized for exporting beef to Japan

ASAHI (Page 4) (Full)
March 15, 2006

The BSE issue taskforce of the Democratic Party of Japan (Minshuto), headed by Vice President Kenji Yamaoka, decided yesterday to send questionnaires to the offices of the 37 meat-processing plants certified by the US government to ship beef to Japan. The opposition party plans to ask the questions of whether it is possible to (1) accurately select cattle 20 months of age or younger; (2) separate cattle that have not been fed meat-and-bone meal from others; and (3) implement blanket testing.

16) Poll: Ozawa tops all others at 18% for next DPJ president, Kan at 17%, Maehara in 4th place

YOMIURI (Page 2) (Full)

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March 15, 2006

Ichiro Ozawa, who once was a vice president of the leading opposition Democratic Party of Japan (DPJ or Minshuto), topped all others at 18% as the most appropriate candidate to head the party for the next term, the Yomiuri Shimbun found from its face-to-face nationwide public opinion survey conducted March 11-12. Former DPJ President Naoto Kan ranked second at 17%, followed by DPJ Secretary General Hatoyama at 13%. The party's incumbent president, Seiji Maehara, ranked fourth at 10%. Maehara is losing his grip on the party due to his clumsy handling of the 'fake email' incident that the DPJ took up in the Diet. Few wanted him to see him elected for another term.

In the survey, respondents were asked to pick only one from among nine likely candidates expected to run in the DPJ's presidential election scheduled for this September. Even among DPJ supporters, Ozawa stood at 28%, with Kan at 25%. Maehara ranked fourth at 11%. Broken down into age brackets, Ozawa was popular among those in their 60s and Kan among those in their 20s.

Respondents were also asked who they thought would be the most appropriate candidate to become the ruling Liberal Democratic Party's president after Prime Minister Koizumi who will step down in September. Among nine names given, Chief Cabinet Secretary Abe topped all others at 45%, securing his top position from the last survey taken in February. Among others, former Chief Cabinet Secretary Yasuo Abe stood at 11%, Foreign Minister Aso at 6%,

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former LDP Secretary General Koichi Kato at 3%, Internal Affairs and Communications Minister Takenaka at 3%, and Finance Minister Tanigaki at 2%. There was no marked change in their popularity percentages and standings.

Abe was picked by 58% of those in support of the Koizumi cabinet and by 60% of those in support of the LDP. He was also the first pick among those in support of other political parties and among those not in support of the Koizumi cabinet.

Fukuda, who ranked second, gained support to a certain extent-14% among those not in support of the Koizumi cabinet and 18% among those in support of the DPJ.

17) Text of newspaper advertisement offering apology for "fake e-mail"

YOMIURI (Page 39) (Full)

March 15, 2006

There was no truth in the e-mail claimed (by Hisayasu Nagata and Minshuto) that (former Livedoor President Takafumi Horie) had instructed his subordinate to transfer 30 million yen to the second son of Liberal Democratic Party Secretary General Tsutomu Takebe. The e-mail was totally groundless.

We deeply apologize for it.

Through budget committee meetings and party-head question-and-answer sessions, House of Representatives member Hisayasu Nagata

and Minshuto (Democratic Party of Japan) pointed out as if Livedoor had transferred 30 million yen to a bank account held by Mr. Takebe's second son and that Livedoor funds had flowed to people close to Secretary General Takebe. Those statements were

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totally groundless.

We sincerely apologize to Mr. Takebe, his second son, and people connected with the company run by him for severely defaming their reputations. We also deeply apologize for causing tremendous trouble to the operations of the company.

We will request the portion defaming them be expunged from the Diet minutes. Fully aware of the influence of statements by Diet members, we will face question-and-answer sessions at the Diet, which is thoroughly investigating the facts.

March 15, 2006

Minshuto (Democratic Party of Japan)
Hisayasu Nagata, House of Representative member

18) Minshuto lawmaker Nagata refuses to resign, but will offer apology at disciplinary panel

ASAHI (Page 2) (Excerpts)
March 15, 2006

House of Representatives member Hisayasu Nagata of the main opposition party Minshuto (Democratic Party of Japan), whose party membership has been suspended due to the uproar he created in the Diet by alleging that Livedoor Co. founder Horie sent an e-mail ordering his staff to transfer money to Liberal Democratic Party (LDP) Secretary General Tsutomu Takebe's son, yesterday again rejected the possibility of his resigning from the Diet. He told reporters in the Diet building: "Since I have entrusted my political fate to the disciplinary committee, I'm waiting for its judgment." Some Minshuto lawmakers have called on him to quit his Lower House seat.

The Lower House Committee on Discipline decided yesterday in a meeting that it would hold a session tomorrow to explain the action planned against Nagata. The panel is now coordinating a plan to let Nagata express an apology on March 22. The ruling camp has proposed making Nagata's apology and questioning him in the same session, but Minshuto has rejected a question-and-answer session.

In negotiations between the ruling and opposition camps of the disciplinary committee, Minshuto lawmakers have expressed their intention to respond to the ruling bloc's demand that a person who provided the false e-mail to Nagata be summoned to testify as a witness before the committee if Nagata would agree to do so. Minshuto's chief committee director Hirofumi Hirano said, "We have judged that summoning of the person in question is unavoidable in order to supplement his account of his actions." The party will not respond to a request for his testimony should the ruling camp do so.

19) Many executive board members criticize Maehara

ASAHI (Page 2) (Excerpts)
March 15, 2006

Many member of the executive board of Minshuto (Democratic Party of Japan) criticized and voiced objections in a meeting yesterday against party head Seiji Maehara over his remarks about the

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political fate of party lawmaker Hisayasu Nagata. Maehara and other executive members were busy offering apologies. The present Minshuto leadership appears to be losing momentum. Nobutaka Tsutsui blasted Maehara for having expressed his view in a speech

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on March 13 that he would leave it up to Nagata as to whether he would give up his Diet seat. "If we present information little by little while watching the trends of public opinion. You at first said that he did not need to resign." Maehara then apologized, saying, "What I meant is that the party has already punished him. There is no change in my remarks."

SCHIEFFER